

## **IC 8-14**

### **ARTICLE 14. HIGHWAY FINANCES**

#### **IC 8-14-1**

##### **Chapter 1. Motor Vehicle Highway Account Act**

#### **IC 8-14-1-1**

##### **Definitions**

Sec. 1. As used in this chapter:

(1) "Motor vehicle highway account" means the account of the general fund of the state known as the "motor vehicle highway account" to which is credited collections from motor vehicle registration fees, licenses, driver's and chauffeur's license fees, gasoline taxes, auto transfer fees, certificate of title fees, weight taxes or excise taxes and all other similar special taxes, duties or excises of all kinds on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators.

(2) The term "department" refers to the Indiana department of transportation.

(3) The term "highways" includes roadway, rights of way, bridges, drainage structures, signs, guard rails, protective structures in connection with highways, drains, culverts, and bridges and the substructure and superstructure of bridges and approaches thereto and streets and alleys of cities or towns.

(4) The term "construction" means the planning, supervising, inspecting, actual building, draining, and all expenses incidental to the construction of a highway.

(5) The term "reconstruction" means a widening or a rebuilding of the highway or any portion thereof.

(6) The term "maintenance" when used in reference to cities, towns and counties as applied to that part of the highway other than bridges, means the constant making of needed repairs, to preserve a smooth surfaced highway, adequately drained, marked and guarded by protective structures for public safety and, as to bridges, means the constant making of needed repairs to preserve a smooth surfaced highway thereon and the safety and preservation of the bridge and its approaches, together with the substructure and superstructure thereof; and such term also means and includes the acquisition and use, in any manner, of all needed equipment, fuel, materials and supplies essential and incident thereto.

(7) The term "vehicle registration" means the number of vehicles subject to registration under IC 9-18 which are registered thereunder, and, when used with respect to the state, shall mean the number of vehicles registered in the state and when used in respect to a county, city, or town shall mean the number of vehicles registered by owners resident in the county, city, or town.

*(Formerly: Acts 1941, c.168, s.1.) As amended by Acts 1980, P.L.74, SEC.213; P.L.18-1990, SEC.106; P.L.2-1991, SEC.59.*

## **IC 8-14-1-2**

### **Public policy; budget management; political subdivisions**

Sec. 2. It is hereby declared to be the policy of the state of Indiana that:

- (1) the net amount in the motor vehicle highway account shall be budgeted for programs of traffic safety and for the construction, reconstruction, improvement, maintenance, and policing of the highways of the state;
- (2) a fair distribution thereof shall be made between the department and subordinate political subdivisions having jurisdiction of highways of the state;
- (3) the funds allotted shall be used in accordance with the policy herein declared and the provisions of this chapter; and
- (4) the funds allocated to counties, cities and towns from such motor vehicle highway account shall be budgeted as provided by law, and such county budgets shall be referred to the county council for approval, revision, or reduction.

*(Formerly: Acts 1941, c.168, s.2.) As amended by Acts 1980, P.L.74, SEC.214; Acts 1981, P.L.41, SEC.48.*

## **IC 8-14-1-2.5**

### **Repealed**

*(Repealed by P.L.59-1985, SEC.38.)*

## **IC 8-14-1-3**

### **Allocations; basis for distribution**

Sec. 3. The money collected for the motor vehicle highway account fund and remaining after refunds and the payment of all expenses incurred in the collection thereof, and after the deduction of the amount appropriated to the department for traffic safety and after the deduction of one-half (1/2) of the amount appropriated for the state police department, shall be allocated to and distributed among the department and subdivisions designated as follows:

- (1) Of the net amount in the motor vehicle highway account the auditor of state shall set aside for the cities and towns of the state fifteen percent (15%) thereof. This sum shall be allocated to the cities and towns upon the basis that the population of each city and town bears to the total population of all the cities and towns and shall be used for the construction or reconstruction and maintenance of streets and alleys and shall be annually budgeted as now provided by law. However, no part of such sum shall be used for any other purpose than for the purposes defined in this chapter. If any funds allocated to any city or town shall be used by any officer or officers of such city or town for any purpose or purposes other than for the purposes as defined in this chapter, such officer or officers shall be liable upon their official bonds to such city or town in such amount so used for other purposes than for the purposes as defined in this chapter, together with the costs of said action and reasonable attorney fees, recoverable in an action or suit instituted in the name of the state of Indiana on the relation of any taxpayer or taxpayers resident of such city or town.

A monthly distribution thereof of funds accumulated during the preceding month shall be made by the auditor of state.

(2) Of the net amount in the motor vehicle highway account, the auditor of state shall set aside for the counties of the state thirty-two percent (32%) thereof. However, as to the allocation to cities and towns under subdivision (1), and as to the allocation to counties under this subdivision in the event that the amount in the motor vehicle highway account fund remaining after refunds and the payment of all expenses incurred in the collection thereof and after deduction of any amount appropriated by the general assembly for public safety and policing shall be less than twenty-two million six hundred and fifty thousand dollars (\$22,650,000), in any fiscal year then the amount so set aside in the next calendar year for distributions to counties shall be reduced fifty-four percent (54%) of such deficit and the amount so set aside for distribution in the next calendar year to cities and towns shall be reduced thirteen percent (13%) of such deficit. Such reduced distributions shall begin with the distribution January 1 of each year.

(3) The amount set aside for the counties of the state under the provisions of subdivision (2) shall be allocated monthly upon the following basis:

(A) Five percent (5%) of the amount allocated to the counties to be divided equally among the ninety-two (92) counties.

(B) Sixty-five percent (65%) of the amount allocated to the counties to be divided on the basis of the ratio of the actual miles, now traveled and in use, of county roads in each county to the total mileage of county roads in the state, which shall be annually determined, accurately, by the department.

(C) Thirty percent (30%) of the amount allocated to the counties to be divided on the basis of the ratio of the motor vehicle registrations of each county to the total motor vehicle registration of the state.

All money so distributed to the several counties of the state shall constitute a special road fund for each of the respective counties and shall be under the exclusive supervision and direction of the board of county commissioners in the construction, reconstruction, maintenance, or repair of the county highways or bridges on such county highways within such county.

(4) Each month the remainder of the net amount in the motor vehicle highway account shall be credited to the state highway fund for the use of the department.

(5) Money in the fund may not be used for any toll road or toll bridge project.

(6) Notwithstanding any other provisions of this section, money in the motor vehicle highway account fund may be appropriated to the Indiana department of transportation from the forty-seven percent (47%) distributed to the political subdivisions of the state to pay the costs incurred by the department in providing services to those subdivisions.

(7) Notwithstanding any other provisions of this section or of

IC 8-14-8, for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects, money may be appropriated to the Indiana department of transportation as follows:

(A) One-half (1/2) from the forty-seven percent (47%) set aside under subdivisions (1) and (2) for counties and for those cities and towns with a population greater than five thousand (5,000).

(B) One-half (1/2) from the distressed road fund under IC 8-14-8.

*(Formerly: Acts 1941, c.168, s.3; Acts 1943, c.221, s.1; Acts 1945, c.275, s.1; Acts 1949, c.270, s.1; Acts 1965, c.223, s.1.) As amended by Acts 1980, P.L.74, SEC.215; Acts 1981, P.L.41, SEC.49; P.L.113-1983, SEC.1; P.L.18-1990, SEC.107; P.L.2-1990, SEC.10.*

#### **IC 8-14-1-4**

##### **County allocations; budgeting; permissible use of funds; county allocation**

Sec. 4. The funds allocated to the respective counties of the state from the motor vehicle highway account shall annually be budgeted as provided by law, and, when distributed shall be used for construction, reconstruction and maintenance of the highways of the respective counties, including highways which traverse the streets of incorporated towns, the cost of the repair and maintenance of which prior to the tenth day of September, 1932, was paid from the county gravel road repair fund excepting where the department is charged by law with the maintenance or construction of any such highway so traversing such streets. Any surplus existing in the funds at the end of the year shall thereafter continue as a part of the highway funds of the said counties and shall be rebudgeted and used as already provided in this chapter. The purchase, rental and repair of highway equipment, painting of bridges and acquisition of grounds for erection and construction of storage buildings, acquisition of rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways, shall be paid out of the highway account of the various counties.

*(Formerly: Acts 1941, c.168, s.4.) As amended by Acts 1980, P.L.74, SEC.216.*

#### **IC 8-14-1-5**

##### **Permissible use of funds; municipal allocations**

Sec. 5. (a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices;

and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

(b) In addition to purposes for which funds may be expended under subsections (a) and (c) of this section, monies allocated to cities and towns under this chapter may be expended for law enforcement purposes, subject to the following limitations:

(1) For cities and towns with a population of less than five thousand (5,000), no more than fifteen percent (15%) may be spent for law enforcement purposes.

(2) For cities and towns other than those specified in subdivision (1) of this subsection, no more than ten percent (10%) may be spent for law enforcement purposes.

(c) In addition to purposes for which funds may be expended under subsections (a) and (b) of this section, monies allocated to cities and towns under this chapter may be expended for the payment of principal and interest on bonds sold primarily to finance road, street, or thoroughfare projects.

*(Formerly: Acts 1941, c.168, s.5; Acts 1945, c.164, s.1; Acts 1959, c.278, s.1; Acts 1965, c.121, s.1.) As amended by Acts 1981, P.L.111, SEC.3; P.L.61-2000, SEC.1.*

#### **IC 8-14-1-6**

##### **Repealed**

*(Repealed by Acts 1980, P.L.74, SEC.434.)*

#### **IC 8-14-1-7**

##### **Short title**

Sec. 7. This chapter shall be known as the "Motor Vehicle Highway Account Act". The distribution herein set out under section 3 of this chapter is hereby declared to be equitable.

*(Formerly: Acts 1941, c.168, s.7.) As amended by P.L.66-1984, SEC.55.*

#### **IC 8-14-1-8**

##### **Repealed**

*(Repealed by Acts 1980, P.L.74, SEC.434.)*

#### **IC 8-14-1-9**

##### **Mandatory transfer of funds**

Sec. 9. (a) A written agreement between the department and a city, town, or county under IC 8-23-2-5, or a similar government cooperative statute, may provide for a mandatory transfer of funds by the auditor of state under this section if one (1) of the parties becomes more than sixty (60) days late in making a payment required by the agreement.

(b) To obtain a mandatory transfer of funds, the party to whom the funds were to be paid under terms of the written agreement must certify in writing to the auditor of state:

(1) that a written agreement between the parties authorizes the mandatory transfer of funds as provided in subsection (a);

(2) that the owing party was notified in writing of the amount

owed;

(3) that the payment is more than sixty (60) days past due;

(4) the names of the parties; and

(5) the amount of the payment due.

(c) Upon receipt of a certificate as specified in subsection (b), the auditor of state shall:

(1) immediately notify the delinquent party of the claim; and

(2) if proof of payment is not furnished to the auditor of state within thirty (30) days after the delinquent party has been notified, transfer the unpaid amount from the delinquent party's allocations from the motor vehicle highway account to the other party. Transfers shall be made until the unpaid amount has been paid in full under the terms of the agreement.

*As added by P.L.113-1983, SEC.2. Amended by P.L.18-1990, SEC.108.*

### **IC 8-14-1-10**

#### **Covered bridges; appropriation from account; disbursements**

Sec. 10. (a) On July 1 of each year, there is appropriated from the motor vehicle highway account for the maintenance of covered bridges in Indiana the amount necessary to make the disbursements under subsection (b) for the year.

(b) Before September 1 of each year, the auditor of state shall, by warrant drawn on the treasurer of state, distribute to each county that has a covered bridge located on the county's road system an amount that may only be used for maintenance of covered bridges in the county. The amount to which each county is entitled under this subsection equals the product of:

(1) the number of covered bridges located on the county's road system; multiplied by

(2) one thousand two hundred and fifty dollars (\$1,250).

*As added by P.L.127-1987, SEC.1. Amended by P.L.115-1989, SEC.1; P.L.57-1994, SEC.1.*

### **IC 8-14-1-11**

#### **Local agency revolving fund; reimbursement; accounts receivable; transfer of funds**

Sec. 11. (a) The department may create a local agency revolving fund from money appropriated under section 3(7) of this chapter for the purpose of maintaining a sufficient working balance in accounts established primarily to facilitate the matching of federal and local money for highway projects.

(b) The revolving fund balance must be maintained through reimbursement from a local unit for money used by that unit to match federal funds.

(c) If the local unit fails to reimburse the revolving fund, the department shall notify the local unit that the department has found the outstanding accounts receivable to be uncollectible.

(d) The attorney general shall review the outstanding accounts receivable and if the attorney general agrees with the department's assessment of the account's status, the attorney general shall certify to the auditor of state that the outstanding accounts receivable is

uncollectible and request a transfer of funds as provided in subsection (e).

(e) Upon receipt of a certificate as specified in subsection (d), the auditor of state shall:

- (1) immediately notify the delinquent local unit of the claim; and
- (2) if proof of payment is not furnished to the auditor of state within thirty (30) days after the notification, transfer an amount equal to the outstanding accounts receivable to the department from the delinquent local unit's allocations from the motor vehicle highway account for deposit in the local agency revolving fund.

(f) Transfers shall be made under subsection (e) until the unpaid amount has been paid in full under the terms of the agreement. However, the agreement may be amended if both the department and the unit agree to amortize the transfer over a period not to exceed five (5) years.

(g) Money in the fund at the end of a fiscal year does not revert to the state general fund.

*As added by P.L.116-1989, SEC.1. Amended by P.L.1-1994, SEC.35.*